

REMARKS

Claims 1-3, 5-16, and 18-19 are pending in the present application. Claims 1, 12, 16 and 19 are independent. None of the claims are currently amended.

I. Rejection Under 35 U.S.C. § 102(e)

The Office Action rejected Claims 1-3, 5-16 and 18-19 under 35 U.S.C. § 102(e) as being anticipated by Kaminsky (U.S. Patent Publication No. 2002/0082967). Applicants respectfully traverse the rejection.

The present invention is directed to systems and methods for trading securities to provide system participants with optimal buy and sell prices by allowing a user who sends a request for quotation (RFQ) to either accept the best response and execute the trade as an agent or improve the best response and execute the trade as a principal. For example, Claim 1 recites:

A computer-implemented system for trading taxable and non-taxable securities comprising:

an offering inventory module for tracking and displaying securities offerings and information including at least one response to a request for a quotation (RFQ), wherein the securities offerings and information in the offering inventory module are automatically updated; and

a price discovery module for;

forwarding at least one RFQ from a sender to at least one dealer, wherein the sender comprises one of a first user and a second user acting on behalf of the first user,

receiving at least one dealer response to the RFQ, and

executing a trade based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal and determines an execution price and yield for the securities offerings for which the trade that has been executed.

Kaminsky is directed to a method and system for market-maker risk management through automatic quote risk monitoring and quote modification. (Kaminsky ¶ [0004].) The

method and system of Kaminsky is implemented using a computer configured to receive a group of quotes belonging to an individual market-maker or two market-makers that have identified themselves as belonging to a group for the purposes of risk monitoring and modification. (*Id.* ¶ [0015].) The computer typically generates a trade by matching received orders and quotes and then determines whether a quote within the quote group has been fulfilled. (*Id.*) The computer then compares the aggregate risk level with the market-maker's risk threshold, and if the threshold is exceeded, it automatically modifies at least one of the remaining quotes in the quote group. (*Id.*)

Kaminsky does not disclose, teach, or suggest a system having a price discovery module that enables individual trades to be executed based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal as recited in Claim 1.

The Office Action cites paragraphs 21, 27-31, 40-46, and 77-85, as disclosing these features recited in Claim 1. Applicants respectfully disagree. Kaminsky is directed to solving a different problem than the present invention. Kaminsky is directed to assessing a market-maker's aggregate risk and automatically modifying a market-maker's quotes when a predetermined risk threshold is exceeded, whereas the claimed invention is directed to obtaining optimal buy and sell prices for individual trades by allowing a user who sends a request for quotation (RFQ) to either accept the best response and execute the trade as an agent or improve the best response and execute the trade as a principal.

Paragraphs 27-31 of Kaminsky describe different graphical user interface modules for various users of the system of Kaminsky (traders, market-makers, clearing firm brokers, back office operations). They also describe Market-Maker, Product Service, User Service, Trading Session Service, Product State Service, Quote Status Service, and Best Quote

modules. (*Id.* ¶¶ 40-46.) These user interfaces and modules are used to submit RFQs and submit, cancel, update, and replace orders, but none of them are a price discovery module that enables individual trades to be executed based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal as recited in Claim 1.

Paragraphs 77-85 of Kaminsky describe the broker service and quote service modules of the Kaminsky system. The quote service module of Kaminsky is described as receiving and managing quotes that market-makers supply, and the broker service module of Kaminsky is described as responsible for executing orders, but neither are described as a price discovery module that enables individual trades to be executed based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal as recited in Claim 1.

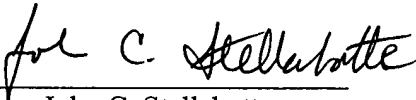
Therefore, Applicant respectfully requests that the rejection of Claim 1 and the claims dependent upon Claim 1 be withdrawn. Claims 12, 16, and 19 also recite, among other features, features that distinguish Claim 1 over Kaminsky. Applicants respectfully submit that these other independent claims are patentably distinct from Kaminsky and the other prior art of record for at least the same reasons as Claim 1. Therefore, Applicant respectfully requests that the rejections of these claims and the claims dependent on those claims be withdrawn.

CONCLUSION

In light of the foregoing remarks, Applicant respectfully submits that the claims are patentably distinct over the prior art of record, that the application is in proper form for allowance of all claims, and earnestly solicits a notice to that effect.

Respectfully submitted,

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Date: July 18, 2006

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